



Get the **RIGHT** Loan For Your Home

Thinking OF PURCHASING A HOME? Buying a home is one of the most important decisions you will ever make. The right loan can mean the difference between sleeping peacefully in your own bed or not sleeping at all. *Beware of predatory lending practices.* Don't forfeit or lose your hard earned money by accepting the *wrong loan* for your home. To protect your investment, your family, and your home, here's what you should know so that you *Don't Borrow Trouble*.

Asking the Right Questions

Before you sign on the dotted line, ask yourself these important questions:

- ↑ *Can I afford to purchase a home at this time?*
- ↑ *Do I qualify for a home loan?*
- ↑ *What is my credit rating?*
- ↑ *Do I have enough money for a downpayment?*
- ↑ *What is the maximum monthly mortgage payment I can comfortably afford?*
- ↑ *Which loan is best for me?*

Finding the Right Loan

Not all home loans are the same. One of the most important things to do when buying a home is to find the right loan. Beware of loans with excessive rates and fees, prepayment penalties, or other hidden features that can rob you of your hard-earned money and diminish the equity you've built up in your home.

Before you decide on a loan agent, you may want to get guidance from someone you trust and who understands the mortgage lending process. Shop around for a licensed loan agent who will take the time to help you understand the homebuying process. To find a qualified loan agent or mortgage broker:

- ▲ **Talk to at least 3 different mortgage brokers, loan officers, or loan agents**
- ▲ **Ask for references and referrals**
- ▲ **Ask to see the loan agent or mortgage broker's license**
- ▲ **Ask about their experience and qualifications**

Before you meet with a loan agent, prepare a list of questions about available home loans. Ask the loan agent to explain all of your loan options. Question any loan agent who tells you that you can only get a good deal on a loan if you finance through them.

*The Wrong Loan Can Cost **YOU** Your Home*

The Right Loan

The right loan is one that best fits your needs and that you can comfortably afford. Before choosing a home loan, compare the following:

- ▲ **Points and fees**
- ▲ **APR (annual percentage rate)**
- ▲ **Interest rate**
- ▲ **Processing fees**
- ▲ **Loan rates**
- ▲ **Total closing costs**
- ▲ **Total costs over the life of the loan**

Read, Understand, and Agree with **ALL** of the loan conditions.

To ensure that you do not fall victim to predatory lending practices follow these guidelines:

- ▲ Understand all terms and requirements of your loan before you sign any documents, including balloon payments, prepayment penalties, maximum monthly payment on an adjustable rate loan, credit insurance, mandatory arbitration clauses, and the total cost of the loan.
- ▲ Whether you're purchasing or refinancing a home, be sure your monthly loan payments are affordable. Mortgage payments should not exceed 35% of your gross monthly income.
- ▲ Don't allow yourself to be pressured into borrowing more money than you need.
- ▲ Don't sign blank or incomplete loan documents.
- ▲ Ensure that the cost and terms of the loan are the same as those you discussed with your loan agent or mortgage broker.
- ▲ Beware of repeated requests to refinance your loan which may result in a loss of equity and additional loan fees.
- ▲ Don't falsify your income, expenses, or available cash to qualify for a home loan.
- ▲ Don't be pressured to sign loan papers before you understand all of the terms.
- ▲ If you are contacted by a door-to-door or telephone salesperson, or receive a home loan offer via the mail, the Internet or by e-mail, that seems "too good to be true", it probably is!

Help is available. Don't Borrow TroubleSM Silicon Valley, is your free one-call source for home ownership information and assistance. We can help you make the right home loan decision. Call Don't Borrow Trouble Silicon Valley at 408.283.1284 or visit our website at www.sjhousing.org to learn more!